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OFFICE OF
THE TREASURY ATTACHÉ

UNITED STATES TREASURY DEPARTMENT
AMERICAN CONSULATE GENERAL
SHANGHAI, CHINA

April 1, 1939.

Commissioner of Customs,
(Investigative Unit),
Treasury Department,
Washington, D. C.

Clusue ✓

JHB Sir:

There are enclosed herewith for the information of the Bureau and other interested Departments copies of a report, entitled, "Japanese Ship Brought 800 Chests of Opium from Dairen".

Respectfully,

Gella H. Jacobsen
For the Treasury Attaché

Amalunp ✓
Mochok ✓

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Shanghai, March 27, 1939.

JAPANESE SHIP BROUGHT 800 CHESTS OF OPIUM
FROM DAIREN

It has been ascertained from local opium merchants that the Japanese ship which carried Persian opium from Dairen to Shanghai and arrived at the Jukong Wharf near the Civic Center on Feb. 26 was the Zinyu Maru No. 3 (神津丸第三号). This ship brought 800 chests of opium, being part of the 3,700 chests previously reported. The other ship which arrived on Feb. 28 was the Tangshan Maru (唐山丸).

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M. R. Nicholson Shanghai,

August 8, 1939

FORMOSAN COCAINE FACTORY

Japan ✓

JNT Investigation conducted into the cocaine factory of Formosa reveals the fact that the cocaine factory established by the Ensuiko Seito Kaisha, or Ensuiko Sugar Manufactory (鹽水港製糖會社), and the Sinei Cocaine Factory are one and the same. It is the only cocaine factory in Formosa. The Ensuiko Sugar Manufactory has the monopoly right to grow sugar cane and manufacture sugar in the Kagi (嘉義) area, which includes the village of Sinei, where the cocaine factory is located.

For five years previous to the death of Mr. Takahashi, Finance Minister of Japan, who was assassinated in 1936, and who was the chief backer of the sugar factory and cocaine plant, the latter produced from 200 to 300 kilos of cocaine per month. It was marketed mostly in the South Sea Islands. Since the death of Mr. Takahashi, however, the factory encountered difficulties in continuing operation

owing to political reasons. After the outbreak of the Sino Japanese hostilities, the Formosan Government issued special permission to the factory to dispose of its produce in order to realize revenue for war purposes. The Formosan Government even took over partial control and supplied special labels for the packages of cocaine. In the meantime, however, the factory lost its market in the South Sea Islands and the company has now turned to Shanghai to market its product.

Last month a Mr. Chen Ching-pó () was delegated by the company to come to Shanghai in an effort to find a market. Since his return to Formosa, the factory has entrusted the solicitation of business to Mr. Liu Chen-pó () manager of the Sino-Japanese Chung Wah Motion Picture Company with offices in suite 301 Hamilton House, Shanghai.

*Amos
Farrell*

✓ According to Mr. Liu, the factory is situated in the village

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of Sinei () in the Taichu Prefecture () which is included in the Kagi () area. It has the permission of the Formosan Government to grow coca leaves and manufacture cocaine in Formosa. It is stated the factory has strong backing of Japanese authorities and that arrangements have been made to ship the drug from Formosa to Shanghai by Japanese warships.

The market price is over \$1,900 per kilo in Shanghai while the factory price is as low as \$1,200. Mr. Liu is arranging to bring samples of the drug from Formosa to Shanghai in the near future. He is not sure that the brand Fujitsuru is a product of this factory, but rather believes it to be the product of the well-known Hoshi Drug Manufactory known as Hoshi Seiyaku Kaisha, () which also manufactures and sells cocaine. Mr. Liu, himself, is not well versed in this line of illicit trade but promises to find out more details as soon as there is an opportunity.

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